

Message Text

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PAGE 01 KINSHA 10160 251726Z

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ACTION AF-06

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 SP-02

AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 AGR-05 PA-01 PRS-01 L-03

H-02 FTC-01 INT-05 IO-10 /096 W

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TAGS: ECON, EFIN, CG

SUBJECT: MOBUTU ANNIVERSARY SPEECH: ECONOMIC ISSUES

1. MOBUTU GAVE HIS TENTH ANNIVERSARY SPEECH TODAY, NOVEMBER 25. IT WAS NOT BROADCAST LIVE AND THEREFORE FOLLOWING TOUCHES ONLY ON THE HIGHLIGHTS OF WHAT HE BILLED AS THE ANNOUNCEMENT OF A NEW ECONOMIC POLICY.

2. AFTER RECOUNTING ZAIRE'S CURRENT ECONOMIC AND FINANCIAL DIFFICULTIES, MOBUTU SAID THAT HE HAD ESTABLISHED A STABILIZATION COMMISSION WHICH HE WOULD CHAIR HIMSELF. COMMISSION WILL HAVE FOUR SUB-COMMITTEES COVERING MANAGEMENT OF THE DEBT, IMPORTS, BUDGET CONTROL AND "NATIONAL ENTERPRISES." HE SAID STABILIZATION COMMITTEE HAD PROPOSED "RADICAL" SOLUTIONS WHICH HE HAD APPROVED IN TOTO. HE SAID IMF HAD ALSO APPROVED COMMITTEE'S RECOMMENDATIONS AND CONGRATULATED ZAIRE ON BOTH ITS ANALYSIS AND PRESCRIPTION FOR REFORM. MOBUTU SAID THAT THE PROCESS OF EXECUTION OF THE REFORM PROGRAM WOULD BEGIN IN

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PAGE 02 KINSHA 10160 251726Z

THE NEXT FEW DAYS. FROM WHAT BISENGIMANA AND OTHERS HAVE TOLD

ME, I BELIEVE THIS MEANS THAT MOBUTU WILL SIGN THE STAND-BY
BY EARLY DECEMBER AT THE LATEST.

3. AS RUMORED, MOBUTU ALSO OUTLINED NEW DIRECTIONS IN THE PRIVATE AND GOVERNMENT-CONTROLLED SECTORS. HE SAID THAT, AFTER ZAIRIANIZATION AND RADICALIZATION, ZAIRE'S ECONOMY WAS NOW IN ITS OWN HANDS AND THAT IT COULD PERMIT ITSELF TO SEARCH FOR SERIOUS FOREIGN PARTNERS AND ALSO GIVE OPPORTUNITIES TO ZAIRIANS TO INVEST AND PARTICIPATE IN THEIR ECONOMY. AMONG THE MEASURES HE ANNOUNCED: (A) ANY FOREIGNER CAN INVEST IN ZAIRE IN A JOINT VENTURE WITH A ZAIRIAN OF HIS CHOICE WHO SHALL HAVE 40 PERCENT OF THE ENTERPRISE; (B) INVESTORS ALREADY UNDER THE INVESTMENT CODE ARE NOT SUBJECT TO THE JOINT VENTURE PROVISION UNLESS THEY "WISH TO BE PROGRESSIVE AND SEE IT IN THEIR INTEREST TO ENGAGE IN THIS NEW MODE OF MIXED INVESTMENT; (C) THERE IS NO LIMIT TO ZAIRIAN INVESTMENT IN THE AGRICULTURAL FIELD AND TO THIS END THE NEW AGRICULTURAL DEVELOPMENT BANK HAS BEEN CREATED; (D) THE GOVERNMENT WILL CONTINUE TO HOLD THE ZAIRIAN SHARE IN MINING VENTURES. (E) COMMERCE CONTINUES TO BE RESERVED FOR ZAIRIANS. (F) FIRMS WHO INVESTED HERE BETWEEN 1965 AND 1974 AND WHO HAVE BEEN TAKEN OVER WILL GET 30 TO 40 PERCENT OF THEIR BUSINESSES BACK "BECAUSE THEY SHOWED CONFIDENCE IN THE SECOND REPUBLIC;" (G) DELEGATES-GENERAL WILL ACT MORE AS SUPERNUMERARIES AND MANAGEMENT FUNCTIONS WILL BE DELEGATED TO THOSE WITH EXPERTISE AND EXPERIENCE. (H) SHARES OF PROFITABLE GOVERNMENT ENTERPRISES WILL BE OFFERED TO ALL MPR CADRES, INCLUDING THE ARMY. (I) TOURISM WILL BE ENCOURAGED AND VISA/ENTRY REQUIREMENTS WILL BE LIBERALIZED.

4. MOBUTU TOUCHED ON OTHER POINTS AS WELL: AS PART OF THE OVERALL STABILIZATION COMMITTEE EFFORT, A PRODUCTION COMMITTEE AIMED AT INCREASED AGRICULTURAL OUTPUT WILL BE ESTABLISHED. ECONOMIC DECISION-MAKING AND PLANNING WILL BE DECENTRALIZED TO THE REGIONS. STUDIES WILL BE UNDERTAKEN WHICH AIM AT THE TOTAL UTILIZATION OF INGA POWER AND THE NAVIGABILITY OF THE ZAIRE RIVER FROM KINSHASA TO MATADI. THE LAST MAJOR POINT THAT MOBUTU MADE IN THE SPEECH WAS THAT THE FRENCH AND ZAIRIAN GOVERNMENTS WILL ORGANIZE A CONFERENCE OF COPPER PRODUCERS AND CONSUMERS IN THE NEAR FUTURE.

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PAGE 03 KINSHA 10160 251726Z

5. I CONSIDER MOBUTU'S ANNIVERSARY SPEECH TO REPRESENT A SIGNIFICANT CHANGE IN ZAIRE'S ECONOMIC POLICY. THE ACCEPTANCE OF THE IMF PROGRAM, WHILE NOT YET SIGNED, SEEMS A FAIT ACCOMPLI AND I WOULD EXPECT THE ATTITUDES OF FOREIGN LENDERS AND INVESTORS TO FAVORABLY REFLECT MOBUTU'S COMMITMENT TO REFORM. THE LIBERALIZATION OF THE PRIVATE AND GOVERNMENT CONTROLLED SECTORS--IN SUM A PULLBACK FROM ZAIRIANIZATION AND RADICALIZATION--IS JUST WHAT THE DOCTOR

ORDERED. WE WILL REPORT THE SPEECH IN FULL AS SOON AS WE
HAVE THE TEXT AND ADD ADDITIONAL COMMENTS, BUT I
TRUST THAT THIS OPTIMISTIC MESSAGE WILL BE PASSED TO ALL
CONCERNED.

WALKER

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